



Oklahoma 21st Century Quality Jobs Program 2023 Guidelines



OKLAHOMA
Commerce

The 21st Century Quality Jobs Program incentive was created to attract growth industries and sectors to Oklahoma in the 21st Century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The program promotes indisputably impactful high wage jobs without competing with existing incentives. The intent is for existing or new companies locating to the state to create or bring a new piece of business in one of these identified industries. Job shuffling or restructuring to attain qualification is not permissible.

Qualifying companies may be eligible for up to twice the Net Benefit rate of the Quality Jobs program, or 10% of the taxable payroll of these new jobs, to be paid in cash on a quarterly basis. The program lasts for up to 10 years. An application and supporting documents must be received by the Oklahoma Department of Commerce, and a resulting contract issued by the Department *before* a company may participate in the program.

THRESHOLD REQUIREMENTS

The following requirements must be met before an application will be reviewed:

BASIC INDUSTRY

All applicants must be within a qualifying basic industry to receive benefits. The list of qualifying industries includes all those of the regular Quality Jobs program (with the exception of Oil & Gas Companies), and an enhanced list from legislation. Applicants in some industries are required to have and maintain an out-of-state sales threshold of 50%. See Attachment A of this document for a full qualifying list of industries.

NEW EMPLOYMENT THRESHOLD

The applicant must create a minimum of 10 New Direct Jobs within the qualifying industry activity. (A New Direct Job is one that did not exist in the state during the 6 month period prior to application date). The company has up to 3 years to “ramp up” to this level of jobs to qualify for a full 10 years of program participation. Should the company not be able to add the 10 new jobs by the end of the 3rd year, they are dismissed from the program. Employees in these New Direct Jobs must work 30 or more hours per week to be considered “quality jobs”. Under certain circumstances, “leased” employees may be eligible for program benefits with notification at the time of application and approval.

HEALTH INSURANCE COVERAGE

All businesses must offer basic health insurance coverage to employees that are part of the job creation requirement. Employees must pay no more than 50% of the premium cost. All employees working 30 hours or more per week must be offered this insurance.

The company has 12 months to institute a qualified basic health insurance coverage policy, and employees must be allowed access to the coverage within 12 months of employment.

AVERAGE WAGE REQUIREMENT

An average wage requirement applies to all New Direct Jobs eligible for program benefits. Those employees in such jobs must be paid an annualized wage which equals or exceeds 300% of the average of Oklahoma County wage for the county in which the applicant is located; provided, no average wage requirement shall exceed the state index wage, currently \$120,071. Employees must be paid at this annualized wage on a quarter by quarter basis throughout the program for the company to receive benefit payments. Please refer to Attachment B of this document for a listing of current wage requirements on a county by county basis. As opposed to the regular Quality Jobs Program, Opportunity Zones are not recognized in this program.

PROGRAM BENEFITS

Upon application and approval, qualified companies may begin accruing program benefits for the hiring of new jobs that meet program criteria. During the first 12 quarters, the company may file quarterly benefit claims for those qualifying jobs hired to-date, even if less than the required 10 new jobs are in place. However, the actual jobs must have earned the required annualized average wage. For this performance a Net Benefit Rate (referred to as Initial NBR) of up to 7% will be paid on the new taxable wages earned by these jobs. Once the company has hired the full 10 new jobs at the required annualized average wage, the company may claim benefits on the Fulfillment NBR, or up to 10% of the taxable wages earned by the new jobs. Both the Initial and Fulfillment NBR are determined in a cost/benefit analysis, performed at the time of application. The rate is based upon the projected wage and economic factors related to the project.

APPLICATION REQUIREMENTS

APPLICATION

Applicants must provide responses to all application form questions and satisfy all documentation requirements. An original must be signed by an officer of the company and submitted to the Department of Commerce prior to hiring any new employees whose payroll will be claimed for benefits. Note: the application packet provides a line by line instruction sheet to assist in preparation of the form.

Technical assistance in completing the application and other necessary documents is provided at no charge by persons associated with the Oklahoma Department of Commerce.

NEW HIRE SUMMARY

Applications must include a breakdown of the proposed new hires by job title and average wage for both first and third year. Only eligible new direct jobs and average taxable wages should be used in the calculation. Even though jobs may be projected for a total of five years, only the 3rd year projected average wage is shown on the application and used to base benefits on.

OES-3 REPORTS

OES-3 reports are filed with the Oklahoma Employment Security Commission each quarter. The reports list the number of employees on the payroll of a business as of the 12th of each month during a calendar quarter and the dollar amount of payroll for those employees during that time period. Along with the Application, the most recent four quarterly reports must be provided. The average number of employees, for the three months reported on each of the four quarterly summary reports, should be the numbers used on the Application.

MAJOR MEDICAL EMPLOYEE HEALTH PLAN

Along with the Application, a current copy of the company's health benefits plan must be included. A statement, indicating the percentage paid for the employee's portion of the plan, the waiting period before the plan is offered, and the number of hours worked per week to be eligible for coverage should be attached. Additionally, applicants are required to indicate that some coverage for basic hospital care, physician care, mental health care, substance abuse treatment, maternity and prescription drugs is provided.

COMPANY BACKGROUND FORM

At a minimum, company background information must consist of product/service descriptions, a projected growth explanation, a listing of other locations, a corporate family organizational chart, annual sales figures and investment projections (see Attachment C). The information, used as an indication of a company's preparedness to create the new jobs projected, is confidential.

FINANCIALS

Financials including Balance Sheet, Income Statement, Cash Flow and Auditor Statement are required for the previous three years.

OUT-OF-STATE SALES VERIFICATION

Companies required to provide proof of out-of-state sales may do so by submitting a breakdown of annual sales by state, delineating the Oklahoma percentage of total sales. Sales to the federal government and to in-state customers who resell to an out-of-state consumer may be included. The applicant will be required to sign an affidavit asserting that the out-of-state sales requirement will be achieved and maintained throughout the life of the contract. Only sales associated with Oklahoma operations are applicable.

TECHNICAL ASSISTANCE

Technical assistance regarding program concepts, eligible companies, application guidelines and other information pertaining to the 21st Century Quality Jobs Program is available upon request and encouraged. Questions may be directed to representatives within the Department of Commerce's Global Recruiting and Business Customer Service Teams at (405) 815-5227. The Oklahoma Department of Commerce offers a free service to assist companies in completing the 21st Century Quality Jobs Program application.

APPLICATION SUBMISSION

Applications are submitted via a Department of Commerce Quality Jobs representative. This person will assist you with the application process. To contact a representative to assist you please call the Quality Jobs Program office at 405-815-5227, or toll free at 800-879-6552, x5227. The Department of Commerce accepts Quality Jobs Program Applications throughout the year since there are no specific deadlines. Applications are evaluated and acted upon as expediently as possible, depending upon their satisfactory completion.

APPROVAL PROCESS

Once an application is submitted to the Department of Commerce with the required documentation, program administrators will verify eligibility and prepare a final cost/benefit analysis to determine the initial and fulfillment benefit rates of new Oklahoma payroll that will be rebated and a maximum amount for the applicant's project. The information is then presented to an internal review team that makes a recommendation, for approval or denial, to forward the application to the next level of review. If the applicant passes the first internal review, a representative from the company will be required to attend an external hearing of the Incentive Approval Committee, consisting of representatives from the Tax Commission, Office of Management and Enterprise Services and Department of Commerce. The committee will make a recommendation, for approval or denial, to the Executive Director of the Oklahoma Department of Commerce.

Once approved, an incentive offer, in contractual form, is issued to the company for acceptance. A corporate official, who is authorized to bind the company contractually, must sign the contract. At this point, only the company's name, municipality location, number of projected new jobs, NAICS No., benefit rate and maximum benefit amount become public information. All approved companies must be registered to do business in Oklahoma and in good standing with the Secretary of State's Office, Tax Commission, and Employment Security Commission.

CLAIMS FOR PAYMENT

The Oklahoma Tax Commission is the primary contact for submitting benefit claims under the contract. Once a contract is returned to the Department of Commerce it is forwarded to the Tax Commission to set up a reimbursement account in order to monitor jobs, payroll and pay qualifying claims. The company will be proactively contacted regarding reporting arrangements.

Claims are made quarterly for three years. If threshold is achieved, they may extend for an additional seven years.

Note: while the company has three years to reach the 10 new job requirement, the company must meet the average wage requirement quarter by quarter. At the time the first incentive payment is made to the company, the Department of Commerce is paid an origination fee. The amount of the fee ranges from \$2,500 to \$7,500, depending upon the maximum benefit dollar amount in the contract.

INCENTIVES EXCLUDED

Companies enrolled in the Quality Jobs Program may not be eligible to receive certain credits or exemptions in conjunction with the same activity. They include the following:

- Sales of Electronics to Qualified Aircraft Maintenance Facilities
- Sales to Radio and TV Entities
- Sale of Property to Qualified Manufacturer
- Investment/New Jobs Tax Credit
- Investment in Qualified Venture Capital Companies
- Recycle, Reuse, Source Reduction Tax Credits
- Investment in Clean Burning Motor Vehicle
- Tax Credit for Employer Provided Health Plans
- Purchase of Equipment when primary activity is Computer/Data Processing
- Income Tax Credit for net Increase in Computer and R&D jobs
- Insurance Premium Tax Credit
- Tax Credit for Recycling Facility
- Business Expansion Incentive Program

All applicants should consult with a tax advisor to determine the most appropriate incentive plan based on value and financial goals. Additionally, a comparative estimate is available from Department of Commerce representatives.

DISCLAIMER

The materials contained in this document have been prepared by the Oklahoma Department of Commerce for informational purposes only and do not constitute legal or tax advice. This information is subject to change based on judicial interpretation and legislative action. The application of the information is subject to your unique facts and circumstances.

YOU SHOULD NOT ACT UPON ANY INFORMATION CONTAINED IN THESE MATERIALS WITHOUT SEEKING YOUR OWN PROFESSIONAL LEGAL AND TAX ADVICE.

21ST CENTURY QUALITY JOBS PROGRAM QUALIFYING INDUSTRIES

BASIC INDUSTRIES

Manufacturing

Industries classified under NAICS Manual Nos. 31, 32, 33, 5131 or 11331.

Research and Development and Testing Laboratories

See NAICS Manual Nos. 54171 and 541380.

Central Administrative Offices, Corporate Offices and Technical Services

See NAICS Manual Nos. 5611, 5612, 51821, 519290, 52232, 56142, 524291, 551114.

Certain Warehouse/Distribution Operations

See NAICS manual No. 42-Where 40% of inventory is shipped out of state.

Transportation by Air

See NAICS Manual No. 4811 if corporate headquarters and some reservation activities are within the state or 75% of air transport sales are to out-of-state consumers.

Flight Training Services

See NAICS No. 611512.

Other Support Activities for Air Transportation

See NAICS Manual No. 488190.

Wind Power Electric Generation Equipment Repair & Maintenance

See NAICS Manual No. 811310.

SERVICE INDUSTRIES

The program also covers the following service companies, if 50% of sales are out-of-state:

Rail Transportation

See NAICS Nos. 482

Motor Freight Transportation and Warehousing

See NAICS Nos. 493, 484, 4884-4889

Arrangement of Passenger Transportation

See NAICS Nos. 561510, 561599

Transportation of Freight or Cargo

See NAICS No. 541614

Certain Communications Services

See NAICS Nos. 517111, 51741 and 517121

Certain Refuse Systems that Distribute Methane Gas

See NAICS No. 5622

Grocery Wholesale Distributing

See NAICS Nos. 4244 and 4245

Securities, Commodities, Investments

See NAICS No. 523

Insurance Carriers

See NAICS No. 5241

Insurance Claims Processors Only

See NAICS Nos. 524210 and 524292

Adjustment and Collection Services

See NAICS No. 561440 (75% of loans are made to out of state debtors)

Miscellaneous Equipment Rental

See NAICS Nos. 5324

Computer Programming, Data Processing and Other Computer-Related Services

See NAICS Nos. 513210, 5182, 519290, 513120, 5415

Miscellaneous Business Services

See NAICS Nos. 561410, 56142, and 516210

Offices of Real Estate Agents & Brokers

See NAICS No. 531210 (and 75% of transactions are out of state)

Medical and Diagnostic Laboratories

See NAICS No. 6215

Engineering, Management and Related Services

See NAICS Nos. 5412, 5414-5417, 54131, 54133, 54136, 54137, 541990

Agricultural Production

See NAICS Nos. 112120

Professional Organizations

See NAICS No. 813920

Alternative Energy Structure Construction

See NAICS No. 237130

Alternative Energy Equipment Installation

See NAICS Nos. 238160, 238220

Electric Services Companies

The program also applies to electric service companies within NAICS Nos. 221111-221122 - Exempt Electric Wholesale Generators if 90% of energy input is consumed from in-state sources and 90% of sales are out-of-state.

Additional codes added for 21st Century Quality Jobs Program only:

Specialty Hospitals

See NAICS No. 62231 (no out-of-state sales requirements)

Performing Arts Companies

See NAICS No. 7111 (no out-of-state sales requirements)

The following qualifying NAICS codes have a 50% out-of-state sales requirement:

Heavy and Civil Engineering Construction

See NAICS No. 237

Motion Picture and Video Industries

See NAICS No. 5121

Sound Recording Industries

See NAICS No. 5122

Insurance Carriers and Related Activities

See NAICS No. 524

Funds, Trusts, and other Financial Vehicles

See NAICS No. 525

Professional, Scientific, and Technical Services

See NAICS No. 5411, 5412, 5413, 5414, 5418, 5419



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21st Century QJ Average County Wage: 2023

Year 2021 data to be used February 1, 2023 to January 31, 2024

State Threshold Wage: \$120,071

County	100% Wage	300% Wage
Adair	\$38,754	\$116,262
Alfalfa	\$44,289	\$120,071
Atoka	\$36,385	\$109,155
Beaver	\$42,143	\$120,071
Beckham	\$48,338	\$120,071
Blaine	\$45,818	\$120,071
Bryan	\$46,813	\$120,071
Caddo	\$45,518	\$120,071
Canadian	\$45,981	\$120,071
Carter	\$48,230	\$120,071
Cherokee	\$44,514	\$120,071
Choctaw	\$39,186	\$117,558
Cimarron	\$38,835	\$116,505
Cleveland	\$45,365	\$120,071
Coal	\$38,721	\$116,163
Comanche	\$49,405	\$120,071
Cotton	\$40,476	\$120,071
Craig	\$42,166	\$120,071
Creek	\$48,383	\$120,071
Custer	\$47,820	\$120,071
Delaware	\$38,030	\$114,090
Dewey	\$50,990	\$120,071
Ellis	\$41,881	\$120,071
Garfield	\$49,195	\$120,071
Garvin	\$51,817	\$120,071
Grady	\$44,212	\$120,071
Grant	\$48,955	\$120,071
Greer	\$36,472	\$109,416
Harmon	\$39,276	\$117,828
Harper	\$38,070	\$114,210
Haskell	\$36,626	\$109,878
Hughes	\$35,408	\$106,224
Jackson	\$49,710	\$120,071
Jefferson	\$34,503	\$103,509
Johnston	\$41,542	\$120,071
Kay	\$47,274	\$120,071
Kingfisher	\$50,962	\$120,071
Kiowa	\$38,871	\$116,613
Latimer	\$42,074	\$120,071

County	100% Wage	300% Wage
Le Flore	\$42,659	\$120,071
Lincoln	\$45,636	\$120,071
Logan	\$40,535	\$120,071
Love	\$43,243	\$120,071
McClain	\$42,944	\$120,071
McCurtain	\$42,511	\$120,071
McIntosh	\$35,113	\$105,339
Major	\$40,480	\$120,071
Marshall	\$45,065	\$120,071
Mayes	\$50,939	\$120,071
Murray	\$42,256	\$120,071
Muskogee	\$46,827	\$120,071
Noble	\$49,410	\$120,071
Nowata	\$44,118	\$120,071
Okfuskee	\$35,980	\$107,940
Oklahoma	\$59,727	\$120,071
Okmulgee	\$42,212	\$120,071
Osage	\$42,975	\$120,071
Ottawa	\$40,149	\$120,071
Pawnee	\$41,703	\$120,071
Payne	\$44,263	\$120,071
Pittsburg	\$46,634	\$120,071
Pontotoc	\$49,967	\$120,071
Pottawatomie	\$42,339	\$120,071
Pushmataha	\$42,097	\$120,071
Roger Mills	\$43,597	\$120,071
Rogers	\$51,526	\$120,071
Seminole	\$42,573	\$120,071
Sequoyah	\$34,865	\$104,595
Stephens	\$46,964	\$120,071
Texas	\$43,423	\$120,071
Tillman	\$38,943	\$116,829
Tulsa	\$57,552	\$120,071
Wagoner	\$46,200	\$120,071
Washington	\$56,200	\$120,071
Washita	\$39,779	\$119,337
Woods	\$42,180	\$120,071
Woodward	\$48,738	\$120,071

Source: US Department of Commerce, Bureau of Economic Analysis, Table CA30

Note: The 300% wage threshold reflected above is the lower of 300% of the average county wage or the 21st Century Quality Jobs state threshold wage, whichever is lower.

COMPANY BACKGROUND

Please provide detailed information related to the Quality Jobs Program applicant.

1. Describe the company's line(s) of business.
2. Outline the reason for expansion or new lines of business and projected growth.
3. List other locations within and outside Oklahoma.
4. Provide most current fiscal year sales and anticipated growth.
5. Furnish new investment projections applicable to current project.
6. If the company is privately owned, please provide owner(s) full name (first, middle initial, last) and date of birth(s).
7. Please furnish a CORPORATE organizational chart showing any sister companies, subsidiaries, parent company, etc. DO NOT provide individual names or job titles, only the parent-subsiary structure if the entity has common ownership.



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